

Portland

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Backers of bill remain a mystery

Critics of controversial harbor bill lament loss of property tax revenue

BY BEN JACKLET
The Tribune

It isn't Wacker Siltronic, the largest business in the Portland harbor, and it isn't Oregon Steel, the second largest.

So who is behind John DiLorenzo's lobbying effort to pass a law that would exempt businesses in the Portland harbor Superfund site from property taxes?

That's a question that has been ricocheting around City Hall and the state Capitol for months.

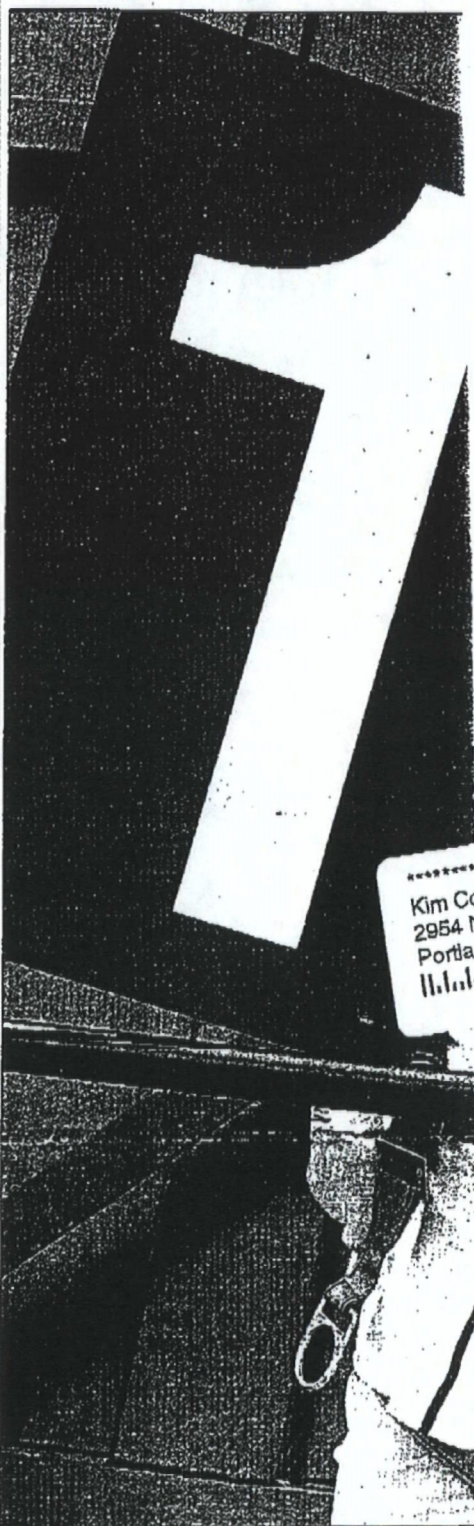
No one seems to know the answer for certain, and DiLorenzo isn't talking — at least not about his backers. Not one of the 70 businesses and property owners within the Portland harbor Superfund site testified in support of House Bill 2010 at its first hearing in Salem last week.

— Rep. Charlie Ringo, D-Beaverton

The bill, written by DiLorenzo and sponsored by House Speaker Mark Simmons, would allow harbor property owners to replace property taxes with a "privilege tax" that would be used to fund the government-mandated cleanup of the harbor.

DiLorenzo said his client is Portland Harbor Cleanup Coal-

■ PGE Park st



Kim Co
2954 N
Portland
11111

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Co.	OR DEQ		
Phone #	229-6540		
Fax #			
Post-it® Fax Note	7671		
To	Judy Smith		
Co./Dept.	EPA		
Phone #			
Fax #	206-532-935		

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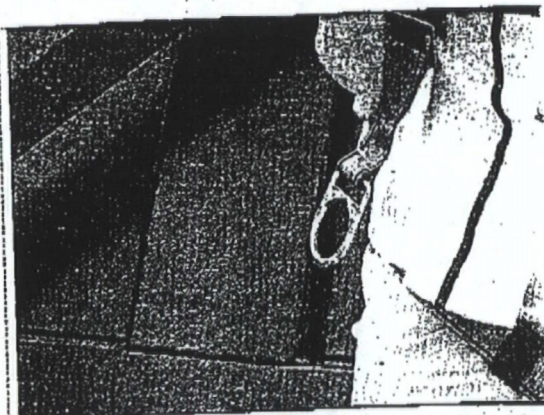
DiLorenzo said his client is Portland Harbor Cleanup Coalition Inc., an organization that supports the idea behind the bill. The cleanup coalition is a non-profit corporation set up by DiLorenzo last year. DiLorenzo serves as its secretary. The president and vice president are two other prominent Oregon lobbyists, Tom Gallagher and Jon Chandler.

"I'm not disclosing the contributor list," DiLorenzo said. "The idea is my client, really, and we're passing the tin cup."

Under Oregon law, lobbyists do not have to name the businesses funding the organizations they create. Nor do they have to detail how much their clients pay them, and for what services.

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the Portland harbor Superfund site testified in support of House Bill 2010 at its first



Dan Dwyer shows one of the scoreboard numbers to spectators at a baseball game Sunday between Barlow and Central Catholic.

Students find

BY TODD MURPHY
The Tribune

No trigonometry-dizzy Wilson High School student will ever again say high school math means nothing in the real world.

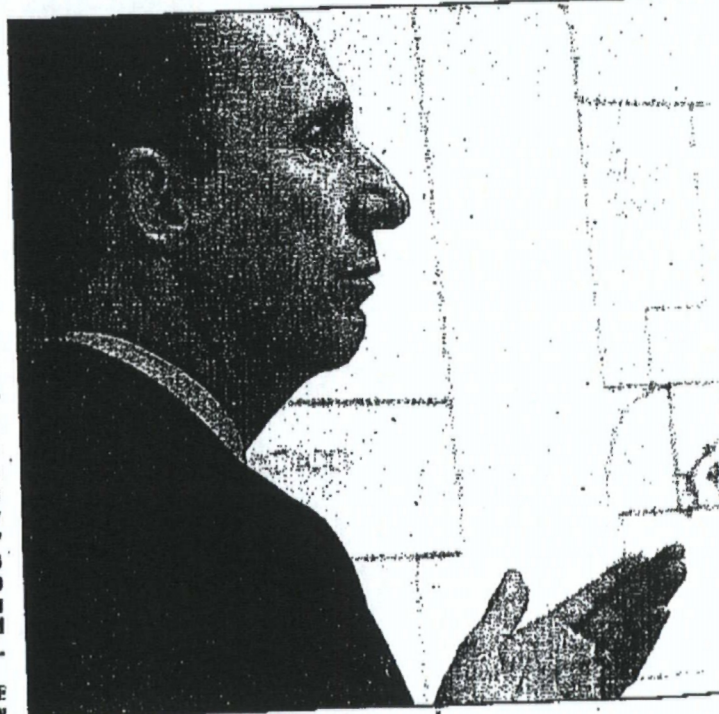
Because at Wilson, high school math is on its way to bringing a real-world credit of about \$18,000 on the school's utility bill, with potentially another \$6,000 a year in savings to come. And it's all because Wilson math students can measure

parking lots and sidewalks more accurately than a hiring consultant can.

Like Portland public Schools pays runoff fee to the city for "leaky" areas of its buildings or sidewalk lots that force storm city's sewer system, city has charged it \$1,900 a month for on measurements consultant provided it

Police Chief Mark Kroeker explains to members of the public the sequence of events and the layout of the hospital where Jose Mejia was fatally shot by officers. Kroeker held the news conference Friday afternoon at the Portland Police Bureau.

TRIBUNE PHOTO
KYLE GREEN



A6 {NEWS}

Harbor: Backers of bill remain

From page 1

DiLorenzo says HB 2010 is a personal project that sprang from his beliefs about how best to clean up the harbor. He argues that the bill would lead to action instead of the delay and litigation that complicates so many government-mandated environmental improvements.

But the notion that three veteran lobbyists would join together to push the bill as a matter of principle alone has drawn some skepticism.

"I doubt that John DiLorenzo is doing this because he is a friend of the environment," said Rep. Charlie Ringo, D-Beaverton.

What about the Schnitzers?

One harbor company with a paper trail leading back to DiLorenzo's lobbying business is the Schnitzer Investment Corp.

On Friday, March 23, when DiLorenzo first met with Mayor Vera Katz's chief of staff Sam Adams and other city officials to discuss HB 2010, the lobbyist brought with him two representatives from Schnitzer, Ann Gardner and Tom Zelenka.

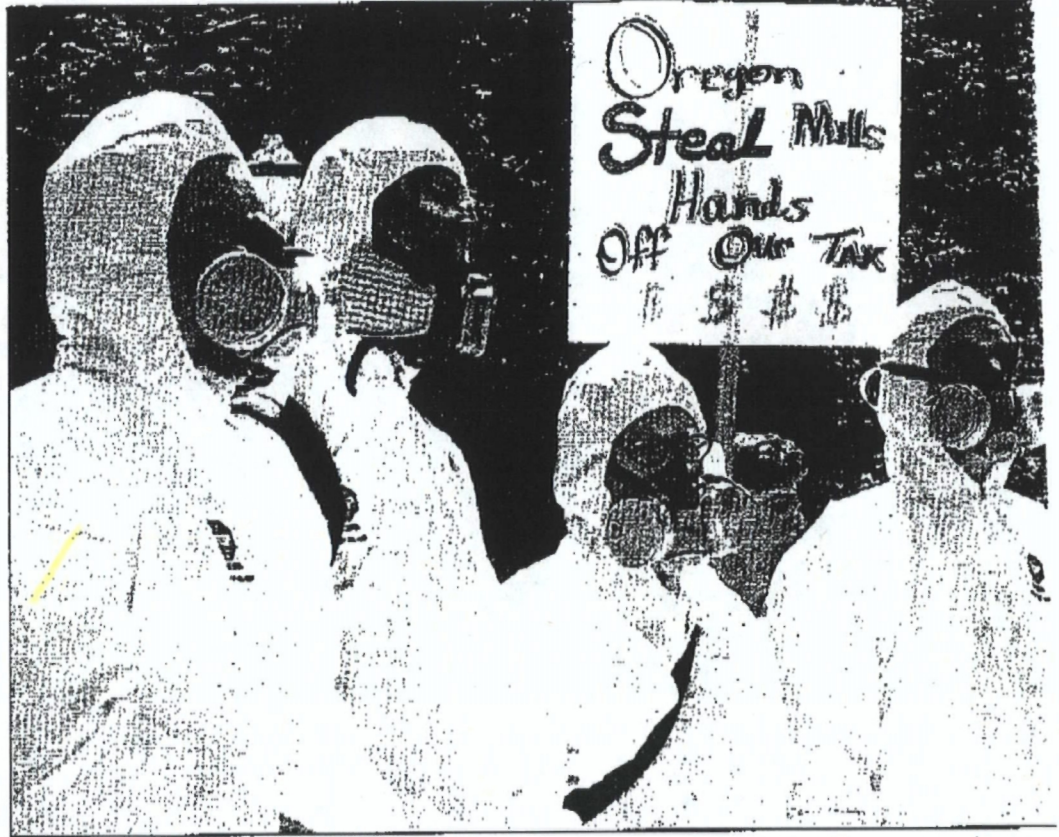
Schnitzer, one of the biggest property owners in the city, owns and operates a steel yard on the east side of the Willamette River just downstream from the Port of Portland's Marine Terminal Four. The steel yard is part of the Superfund site.

The company paid more than \$194,000 in property taxes on its harbor holdings last year. It is also well positioned to purchase any harbor properties that may become available due to environmental liabilities, rising energy costs and a downturn in the manufacturing sector.

Zelenka would not say whether Schnitzer is financially supporting the lobbying effort. "We think this bill merits discussion and further action from the Legislature," he said.

The Schnitzer family's relationship with DiLorenzo is documented in papers filed with the Oregon Standards and Practices Commission, which oversees lobbyists.

According to the documents, DiLorenzo lobbied on behalf of Harsch Investment Corp., a holding of the Schnitzer family, from Dec. 31,



Protesters against House Bill 2010, including (from left) Jason Oringer, August Amoroso, Sarah Brunnier and Scott Ado though the company is neutral on the bill and has not supported it financially. None of the companies in the Portland harbor testified in support of the bill, which would exempt them from property taxes.

"We do not belong to any lobbying group on this issue, and we have not given any money to push this bill."

— Vicki Tagliafico, Oregon Steel

1998, to Dec. 13 of last year.

DiLorenzo's contract with the Portland Harbor Cleanup Coalition began on Dec. 23, 2000 — 10 days after his contract with Harsch Investment expired.

Some deny involvement

On April 24, a group of environmentalists and labor activists staged a protest in downtown Portland to criticize HB 2010 and its presumed backer, Oregon Steel. The protesters marched from City Hall to offices of Oregon Steel, chanting slogans and carrying signs.

But Oregon Steel officials say the protest was misdirected. The company, which paid \$782,000 in property taxes last year, is neutral on HB 2010 and has not supported it financially.

"We do not belong to any lobbying group on this issue, and we have not given any money to push this bill,"

said Oregon Steel's Vicki Tagliafico. None of HB 2010's top three potential beneficiaries — based on property taxes paid last year — is paying for the lobbying effort.

A senior manager for Wacker Silicon, a multinational manufacturer of silicon wafers that paid \$1.6 million in property taxes and employed 1,600 people last year, said the company is not funding DiLorenzo's lobbying bid and does not support the bill.

"It really didn't make a lot of sense to us as a theory," said Cathryn Young, senior manager for Wacker. "We keep ending up at the top of the list of people who would benefit, but our interest is in schools. An educated work force is worth a lot more to us."

The multinational chemical manufacturer Atofina, which paid \$1.08 million in property taxes last year, also is neutral on the bill. Larry Patterson, Atofina's environmental manager,

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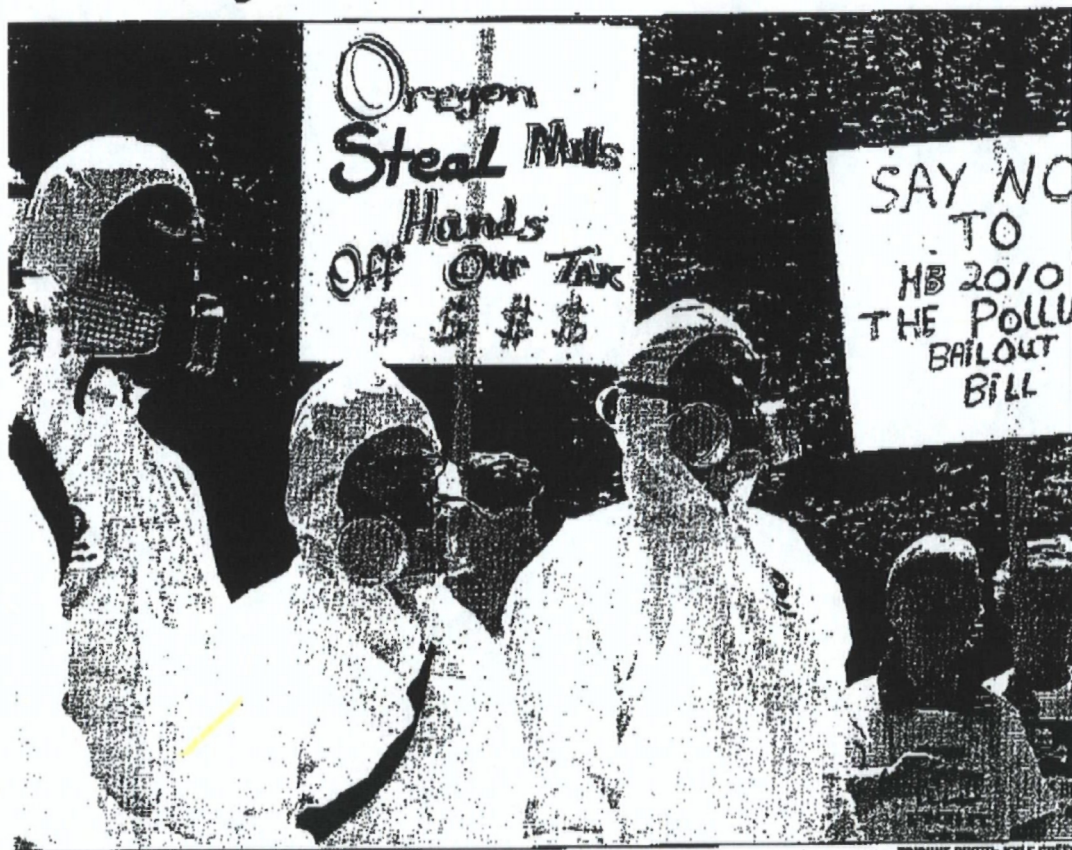
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TRIBUNE PHOTO: KYLE GREEN

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Oregon Steel officials say the protest is misdirected. The company paid \$782,000 in property taxes last year, is neutral on HB 2010 and did not support it financially. It does not belong to any lobbying group, and we have not money to push this bill,"

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said the company was never contacted about the proposed legislation.

"We have had no involvement with this lobbying effort," Patterson said. "I read the same stories as everybody else, and I'm scratching my head just like everybody else."

Both Wacker and Oregon Steel already receive substantial property-tax breaks under a program that sets up enterprise zones. Wacker pays taxes on \$87.4 million of its \$264.5 million of property in the harbor, while Oregon Steel pays taxes on \$35.7 million of its \$248 million of property.

Atofina receives negligible enterprise zone tax breaks, and recently announced it will suspend plant operations due to rising power prices.

The battle continues

Meanwhile, the contentious debate over HB 2010 continues, setting Portland and Multnomah County

governments against key Republican lawmakers; three prominent lobbyists and the mystery companies they represent.

The bill's sponsor, House Speaker Simmons, is a Republican from Elgin, a rural town 275 miles from Portland harbor. Simmons said he believes the bill is a constructive way to avoid litigation and move more quickly to harbor cleanup work.

Environmentalists and local government officials call HB 2010 a violation of the "polluter pays" principle. They say it would remove upward of \$10 million a year from budgets that fund local schools, roads and police and fire protection.

In addition to those concerns, last week's hearing raised a huge financial question: Can a group of industrial property owners facing massive environmental costs reasonably be expected to raise bonds to pay for cleanup?

DiLorenzo's premise is that the privilege taxes collected from harbor businesses would be used to leverage up to \$100 million in bonds.

But bond counsel Harvey Rogers of Preston Gates & Ellis testified that the group will be unable to issue debt because it is fundamentally a weak, new entity with no credit rating and no guaranteed revenue stream.

DiLorenzo countered by questioning whether Rogers could offer an objective opinion on the matter because he works for various public entities, including the city of Portland. He added that he considered the question important and hopes to address it in one of a number of amendments he is planning.

DiLorenzo's next plan is to help set up a work group to revise the bill and resubmit it to the House Water and Environment Committee, chaired by Rep. Betsy Close, R-Albany.

Rep. Mark Hass, D-Portland, a critic of the bill who sits on that committee, doesn't think the bill will go very far. "I don't know what (DiLorenzo) is going to get anything done this session, short of a study session or a work group," he said.

But DiLorenzo remains optimistic. "I think there's a very good chance of passing the bill this session," he said.

Contact Ben Jacklet at bjacklet@portlandtribune.com.